Your response

Question	Your response
Question 4.1: Do you agree that if BT's migration to an IP network is unpredictable, it could result in increased charges for providers routing calls to its network? Are there any other issues that might arise as a result of its migration?	Confidential? – N We agree, particularly to the extent that this could impact not only the direct traffic with BT but also any indirect traffic with other providers who are in the process of migration since BT also acts as a transit provider in many cases. And in the IP world, we foresee that BT will retain their SMP and certain aspects will still need regulation to ensure proper functioning of the market. We consider that issues such as quality assurance, standards on codecs and transcoding will also need to be defined to ensure end-to-end connectivity. If left undefined, there is a risk of the migration not being successful and requiring a roll back to TDM.
Question 4.2: Please state which of these measures you consider would be appropriate for securing efficient migration and why?	Confidential? – N We mostly agree with option 3 being the most efficient solution as there should be a direct regulation of costs and charges associated with the IP interconnection, the same way it is currently done for the TDM interconnection, including FTRs, MTRS, transit, capacity and connection charges.
Question 4.3: Would the regulation of charges for media conversion, switching and conveyance for calls routed via IP networks be an effective means of preventing excessive charges and promoting an efficient migration to IP?	Confidential? – N Yes and no, if done properly, this has the potential to work but at the same time any additional charges relating to the IP interconnection versus the TDM interconnection are bound to encourage providers to stay on TDM rather than move, this will be especially true for providers with diverse interconnect infrastructure on multiple nodes. There is also a risk that wholesale carriers may start charging for the conversion which is not the case today.
Question 4.4: Do you agree that it remains appropriate that telecoms providers maintain their discretion to designate a single POI at which the FTR will apply?	Confidential? – N In an IP world, this is rather unclear because on the one hand, IP should represent a seed-change in the old distance/switched-based

	charging mechanisms predominant in the TDM world (and such mechanisms might not be appropriate for an IP world) but on the other hand, with the information currently available, FTRs still remain important. They are closely linked with the potential regulated pricing of the IP interconnection network. And the question that needs to be answered here is more whether the cost structure will remain the same as on TFM which is what drives the network design and total cost of ownership?
Question 4.5: Do you agree with our assessment about how BT's market position in relation to interconnection might change during migration to IP?	Confidential? – N In the short term, we do not foresee that any change on BT's market position will occur; BT will most likely retain an SMP on the IP market for a while, at the very least (the network types and mechanisms will not change this position so quickly). In the long term, this might change, depending on competition, market forces, etc. and this is closely linked, in our opinion, with the creation of a central database for direct routing which might be a big contributing factor to the change of market position.
Question 4.6: Do you agree that there is unlikely to be a need to impose regulation on BT's interconnection circuits once migration to IP is complete?	Confidential? – N We do not believe so. If prices are not regulated they will be subject to a commercial negotiation which likely will become volume/revenue driven. This will likely result in: the more providers spend, the better the pricing. This will be a serious disadvantage for smaller providers and there is a risk that prices might become unbalanced depending on how the cost is structured: Customer-sided? BT sided? Or shared, and how will this be calculated?
Question 4.7: Do you agree that we should continue to regulate BT's TDM interconnection circuits as the industry migrates from TDM to IP based networks?	Confidential? – N Yes, we fully support a continuous regulation. If not regulated, BT could commercially force providers to move to IP without a regulated pricing on the circuits and they may attempt to squeeze the providers into a rather unfair interconnect contract.
Question 4.8: Do you agree that it would not be necessary to impose regulation on interconnection circuits at BT's IP network during migration?	Confidential? – N We do not agree. Same comments apply as per response in question 4.7.

Question 5.1: Do you agree that BT's role is less central to the provision of end-to-end connectivity and that telecoms providers now have a choice of transit providers with whom they can interconnect?	Confidential? – N No, although there are competing providers, BT is still the dominant player in the transit market and many providers still rely solely on them.
Question 5.2: How might the transition to IP networks change the pattern of interconnection and how might this affect how E2E connectivity is achieved?	Confidential? – N In the long-term, it may make interconnection easier and better enable providers to connect directly with one another. But that is still probably some way off. However, if it becomes easier to build direct interconnects, routing will become more complex and harder to manage. Especially taking into account the current local number portability method with onward routing. Small providers might not be capable of managing this correctly/efficiently and more "errors" might occur.
Question 5.3: Do you agree that General Condition A1 is sufficient to ensure that telecoms providers can obtain interconnection and that additional access obligations may no longer be required to ensure end-to-end connectivity? If not, please explain why and what obligations you think are necessary.	Confidential? – N Yes and no. No, specifically because for outbound calls, transit and termination providers may be able to find solutions to have full reachability in the country but we do not see the same regarding inbound or number hosting. Today a new entrant can guarantee full reachability (in and outbound on all of their traffic type) with only 1 investment by connecting to BT. And also to bear in mind that not all wholesale carriers have the systems and capabilities to support all traffic types for both in- and outbound. In an IP world, we believe that, at least one (maybe BT) or more providers should have the obligation for end-to-end connectivity to ensure same standards as existing under TDM.
Question 6.1: Do you agree with our initial view that a lack of standardisation of IP interconnection may give rise to a risk of consumer harm?	Confidential? – N We mostly disagree because we believe that customer access networks and technology should be separate and independent from carrier interconnect discussions and, hence, standardisation of IP interconnection should be more relevant for carrier interconnect discussions without this necessarily impacting consumers. This gives providers more flexibility

	to develop products tailored to the customer needs.
Question 6.2: To what extent is there divergence among telecom providers in respect of the IP standards they are using? Do you consider a lack of standardisation of IP interconnection to be (or likely to be) an isolated issue or more widespread, which may require an industry-wide solution?	Confidential? – N As a global provider we do see a significant divergence among providers but so far we have been able to find solutions to resolve these issues. What we do see in other countries is the "alignment" to the standard pushed but the regulated IP interconnection offers.
Question 6.3: What measures, if any, do you consider may be appropriate to address risks arising from a lack of standardisation of IP interconnection?	Confidential? – N We have no further comments than what has already been input.
Question 6.4: Would it be useful to consider the case for intervention in relation to technical standards for interconnection ahead of our next market review?	Confidential? – N We do not believe it would be.
Question 7.1: What are your views on the factors that we have highlighted as having a bearing on the setting of termination rates? What other developments should we consider?	Confidential? – N We think this is a well thought-out list and addresses most important areas. We have no further input.
Question 7.2: What are your views on the options we present for regulating the fixed and mobile call termination markets? Which appears to be the most appropriate regulatory option?	Confidential? – N We agree that the "*Bill and Keep*" model should be avoided. It is inefficient and does not work well. And deregulation should be avoided at all costs, as that may become a recipe for disaster. Mandated reciprocity would also be hugely problematic for three reasons: 1. It is likely to create an incentive for providers to drive costs upwards which would negatively impact consumers. 2. It would result in many more disputes since when negotiating interconnect and rates, if traffic is not balanced then it creates a divergence of desire as to which way rates should go. The net sending provider is likely to push for a lower rate whereas the net receiving provider is likely to be looking for a

	higher rate. 3. It is likely to add many more complexities to the already challenging world of telecoms billing, reconciliation and pricing. This would not be in the best interest of consumers or providers. We strongly believe that termination rates should undoubtedly be reciprocal but at the same time, they should still be regulated.

Please complete this form in full and return to icandtermination@ofcom.org.uk or:

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